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ACTION:

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for Secretary Rogers and San Clemente for Dr. Kissinger

Indian Presidential Election Subject:

1. Prime Minister Gandhi has scored a spectacular victory with the election of her candidate, V. V. Giri, to the Presidency of India. Giri, whose candidacy had been rejected by the Congress Party leadership over Mrs. Gandhi's objections, ran as an Independent and had the backing of the leftist parties, including the Communists. He won sufficient votes from the Prime Minister's supporters in Congress Party ranks to defeat the official party designee, former Lower House Speaker Sanjiva Reddy, in the indirect election. 2. Although the office of the President has in the past been a largely ceremonial one, it has important latent powers and the contest for it had developed into an unprecedented trial of strength between Mrs. Gandhi and her party rivals. The Prime Minister's daring and successful gamble in defying the party organization to back the 75-year old former Vice President has

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put her in the most powerful position she has enjoyed since she took

office in January 1966. Although she is likely to make conciliatory

gestures to her foes in an effort to paper over the bitter divisions

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s/s - Mr. Brown

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which had threatened to split the party in two, she is almost certain to interpret the Giri victory as an endorsement of the "progressive" cause she has championed since her dramatic nationalization of the major Indian banks a month ago.

3. Ironically, Mrs. Gandhi's unorthodox exercise in political brinksmanship should improve prospects for political stability in India. Giri's defeat might well have led to an effort by her party opponents to unseat her on grounds of disloyalty and thus produced a split in party ranks. As it is, she seems likely to carry on as Prime Minister until the next election in 1972.

Moreover, the progressive image which she seems determined to give to the party before then is likely to improve its prospects in that race, thus heading off the bogey of unstable coalition government which had seemed to loom for the post-1972 period.

However, the policies she adopts in her efforts to project such an image may well include many which will not go down well with potential foreign investors.

END

ROGERS!

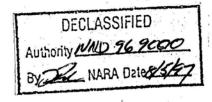
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